

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
August 11, 2016

The Tennessee Local Development Authority (the “Authority” or “TLDA”) met on Thursday, August 11, 2016, at 10:00 a.m. in the State Capitol, room G-11, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
 Ms. Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration
 Dr. Kenneth Moore, House Appointee

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following members were absent:

The Honorable Bill Haslam, Governor
 The Honorable Tre Hargett, Secretary of State

Recognizing a physical quorum present, Mr. Wilson called the meeting to order and performed a roll-call:

Mr. Wolfe—Present
 Ms. Scott—Present
 Mr. Wilson—Present
 Mr. Lillard—Present
 Dr. Moore—Present

Mr. Wilson asked for a motion to approve the minutes of the July 14, 2016 TLDA meeting. Dr. Moore made a motion to approve the minutes, and Mr. Lillard seconded the motion. Mr. Wilson directed Ms. Alicia Scott, Program Accountant in the Office of State and Local Finance, to perform a roll-call vote:

Mr. Wilson—Yes
 Dr. Moore—Yes
 Ms. Angela Scott—Yes
 Mr. Lillard—Yes
 Mr. Wolfe—Yes

The minutes were unanimously approved.

Mr. Wilson stated that the next two items of business were from the DeKalb Utility District (the “District”). The first request was for approval of a request from the District to issue Waterworks Revenue Refunding and Improvement Bonds (the “Refunding Bonds”) in an amount not to exceed \$4,200,000 on parity with its State Revolving Fund (SRF) loans. The second request was for approval a request from the District to issue USDA Waterworks Revenue Bonds (the “USDA Bonds”) in an amount not to exceed \$5,000,000 subordinate to it SRF loans. Mr. Wilson recognized Mr. Jeff Oldham with Bass Berry and Sims as counsel for the District. Mr. Oldham

stated that the refunding portion of the first request would extinguish existing bond debt that currently is senior to SRF debt and that debt service savings would result from the refunding. Mr. Wilson stated that upon approval of the request, the TLDA would move from a subordinate position to a position of parity with respect to the debt that would be refunded, thus improving the TLDA lien position. Mr. Wilson stated that staff had reviewed each request and that both met the requirements set forth in both existing policy and the proposed policy which was discussed at the July 14, 2016, TLDA meeting. Mr. Lillard made a motion to approve the District's request to issue the Refunding Bonds in parity with its SRF loans.

Mr. Wilson asked Mr. Oldham to discuss the request for the USDA Bonds. Mr. Oldham stated that the purpose of the USDA Bond issuance was to complete the water treatment plant, which is the same project that is being partially funded by SRF program loans. Mr. Wilson stated that the USDA bonds would be issued subordinate to existing SRF debt. Dr. Moore made a motion to approve the District's request to issue USDA Bonds, and Mr. Lillard seconded the motion. Ms. Alicia Scott called the roll:

Mr. Wolfe—Yes
 Mr. Wilson—Yes
 Dr. Moore—Yes
 Ms. Angela Scott—Yes
 Mr. Lillard—Yes

The motion was unanimously approved.

Mr. Wilson recognized Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation (TDEC) SRF program to present the request for approval of a Clean Water SRF loan. Mr. Smith first presented the unobligated fund balance. He stated that the balance was \$122,487,688 as of June 9, 2016. Upon approval of the loan request to be presented, the funds available for loan obligations would decrease to \$122,362,688. He then described the loan request:

- Gordonsville (CW4 2017-377)—Requesting \$125,000 (\$116,250 (93%) loan; \$8,750 (7%) principal forgiveness) for collection system expansion; recommended interest rate of 1.33% based on the Ability to Pay Index (ATPI).

Mr. Wilson asked Mr. Smith to provide information on the public meeting. Mr. Smith stated that a public meeting was held on July 13, 2015, and there were no adverse comments. He stated that the citizens appeared to be supportive of this project. Mr. Wilson made a motion to approve the request, and Dr. Moore seconded the motion. Ms. Alicia Scott called the roll:

Mr. Wolfe—Yes
 Mr. Wilson—Yes
 Dr. Moore—Yes
 Ms. Angela Scott—Yes
 Mr. Lillard—Yes

The motion was unanimously approved.

Mr. Wilson asked Mr. Smith to present the requests for Drinking Water SRF loans. Mr. Smith first presented the unobligated fund balance. He stated the balance was \$37,448,374 as of June 9, 2016. The balance increased a total of \$786,179 due to a \$374,360 transfer of FY 2013 set-aside funds to project funds and loan decreases of \$411,819. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$36,484,703. He then described the loan requests:

- Oakland (DG5 2016-179)—Requesting \$1,249,850 (\$937,387 (75%) loan; \$312,463 (25%) principal forgiveness) for green water meter replacement; recommended interest rate of 1.12% based on the ATPI.

- Paris (DG5 DWF 2016-178)—Requesting \$500,000 for design for water treatment plant improvements (replace aging treatment process-Phase II); recommended interest rate of 0.85% based on the ATPI.

Mr. Smith stated that Paris has one existing SRF loan to fund phase I of the project for water treatment plant improvements. The loan presented for approval would fund planning and design work in Phase II. The city plans to request additional SRF funding for the construction phase.

Dr. Moore made a motion to approve the Drinking Water SRF loan requests, and Mr. Lillard seconded the motion. Ms. Alicia Scott called the roll:

Mr. Wolfe—Yes
 Mr. Wilson—Yes
 Dr. Moore—Yes
 Ms. Angela Scott—Yes
 Mr. Lillard—Yes

The motion was unanimously approved.

Mr. Wilson stated that the next item of business was consideration of a request from the city of Portland (the City) to issue Water and Sewer Revenue Refunding and Improvement bonds in an amount not to exceed \$20,000,000 on parity with its outstanding SRF loan. (This item had been inadvertently skipped.) Mr. Wilson stated that the City meets the requirements set forth in both current and proposed policy and that upon approval of this request, the TLDA would move from a subordinate position to a position of parity with respect to the debt that would be refunded, thus improving the TLDA's lien position. Mr. Wilson made a motion to approve the request, and Mr. Lillard seconded the motion. Ms. Alicia Scott called the roll:

Mr. Wolfe—Yes
 Mr. Wilson—Yes
 Dr. Moore—Yes
 Ms. Angela Scott—Yes
 Mr. Lillard—Yes

The motion was unanimously approved.

Mr. Lillard made motion to adjourn, and Mr. Wilson seconded the motion. The meeting was adjourned.

Approved on this 21st day of September, 2016.

Respectfully submitted,

Sandra Thompson
 Assistant Secretary